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SUBJECT: ATTIJARIWAFABANK: SHAKING UP THE MOROCCAN BANKING SECTOR

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1. (SBU) SUMMARY: Attijariwafa bank is the largest private bank in Morocco and the eighth largest in Africa. It was created in late 2003 when two of Morocco's top five banks decided to merge: Banque Commerciale du Maroc (BCM) and Wafabank. The merger took many in Morocco's staid banking community by surprise and brought sudden change to a sector known for conservatism, moderation and risk aversion. The combined entity is an imposing presence, boasting one million customers served by 460 national branches. With its considerable resources, market share and expertise Attijariwafa seeks to consolidate its national lead as a full service or "universal" bank, establish "regional" footholds in Europe, the Maghreb and West Africa and eventually pursue larger, international ambitions, including establishment of a North American presence. END SUMMARY

2. (U) Attijariwafa bank is the result of the November 2003 merger of Banque Commerciale du Maroc (BCM) and Wafabank. Legally completed in 2004, the restructuring is expected to be operationally completed by the end of 2005. Prior to the merger, Banque Commerciale du Maroc (BCM) was the Kingdom's third largest bank (and the largest private bank) with assets of \$5.85 billion at the end of 2003. It accounted for 15.3% of the banking sector and boasted impressive corporate finance credentials. BCM carried a loan portfolio of \$3.07 billion while customer deposits amounted to \$5 billion, representing a growth rate of 12.26%. By end of 2003, BCM controlled 17.45% of the market share in banking deposits. It reported 2003 earnings at \$45.4 million, posting a return on assets of 0.8% and a return on equity of 16.9%. BCM had a staff of 2,479, 268 branches, 113 ATMs and 21 overseas offices. BCM also brought with it Omnium Nord Africain (ONA), the most profitable holding company in Morocco and a key investor of BCM. ONA is a politically significant investment presence in Morocco given its well known ties to the Royal Family. Wafabank was Morocco's fourth largest bank. It brought assets of \$3.93 billion to the merger, about 10.3% of the sector, with loans of \$2.11 billion and deposits of \$3.42 billion. It employed 2,065 people and had 189 branches, 135 ATMs and 35 offices overseas. Wafabank also carried with it a strong retail base and para-banking expertise (comprising of real estate loans, consumer credit, cash transfers and leasing).

3. (U) The combined entity, Attijariwafa, is the largest private bank, the second largest commercial bank after Groupe Banque Populaire (GBP) and the eight largest private bank in Africa. Attijariwafa is now the largest lender in the country with a loan portfolio of \$5.16 billion which represents 20.8% of the sector. It ranks number two in deposits with \$8.43 billion and number two in assets with \$9.78 billion. Consolidated net income for the merged entity is \$3.17 million, giving a return on assets of 0.1% and a return on equity of 0.7%. Attijariwafa represents 33.3% of asset management activity and 51.5% of stock market activity. The largest shareholder remains the Royally controlled conglomerate ONA which holds 33%. Attijariwafa's credit rating of BBpi has been confirmed by Standard & Poors.

Contributing to Plan Azure

4. (U) Attijariwafa pledged, along with several other leading banks, to finance tourism related projects in support of Plan Azur, the heart of the GOM's Vision 2010 plan to double tourism in Morocco to 10 million arrivals per year by 2010. Attijariwafa promised to budget one billion Dirhams of credits (over \$100 million) in 2005 for the financing of tourism related projects to be given over a 15 year period at fixed interest rates. Minister for Tourism, Handicraft and Social Economy Adil Douiri said that reimbursements will also be rearranged in line with industry cycles. Attijariwafa's top stated corporate value after customer satisfaction is to participate positively in Morocco's economic and social development.

Promoting Entrepreneurship

5. (SBU) Attijariwafa is actively seeking ways to confront the popular image of Moroccan banks as unfriendly toward

entrepreneurs and unwilling to lend to small and medium businesses. Attijariwafa is co-sponsoring a Moroccan television program titled "Challengers" broadcast on the private 2M television network. Challengers is the Moroccan equivalent to "The Apprentice" where would-be entrepreneurs compete for complete funding of their proposed enterprise. The program is quite popular in Morocco and may have inspired similar contests, including one sponsored by Attijariwafa rival Banque Populaire and GOMs Regional Centers for Investment. Attijariwafa sees itself as a "citizen bank" and seeks to focus more resources toward assisting entrepreneurs and financing small and medium enterprises. Econoff discussed the G-8/BMENA initiative to develop a Center for Entrepreneurship in Morocco with Attijariwafa Director Mohamed Kettani, considered the right arm of Bank Chairman Khalid Oudghiri. Kettani said it sounded similar to a project they are developing called "Maroc Entreprendre" and suggested that the two projects might offer opportunities for collaboration. He expressed interest to know more about the Entrepreneurship Center, including what Attijariwafa could do to support it and how best to coordinate with their own entrepreneurship efforts.

How to Sell Banking

16. (U) Attijariwafa is well known in Morocco for its sophisticated and aggressive approach to marketing, distinct from other banks in the sector. Attijariwafa billboards are ubiquitous, and prominently display their new corporate symbol representing Morocco's Atlas mountains at sunset and incorporating both a motif of traditional Berber handicraft alongside Arabic calligraphy. Attijariwafa's advertising tag line is "The future lies in you!" expressing their objective to encourage a "spirit of innovation" and entrepreneurship in support of "national champions". Moroccan marathon runner Mohamed Ahamel serves as an Attijariwafa "national champion" and spokesperson and recent Attijariwafa commercials feature Moroccan soccer star Youssef Hajji offering a new ball to a small child practicing in an impoverished neighborhood. The advertising campaign is comprehensive and innovative, with commercials appearing before film screenings at one of Morocco's largest private movie theaters.

Next up: USA?

17. (SBU) Kettani told Econoff that he wants to identify a suitable American partner to begin talks on servicing North America. Kettani hopes to capitalize on the soon-to-be implemented U.S.-Morocco Free Trade Agreement (FTA) to access the U.S. market through a strategic partnership with an American counterpart. Attijariwafa currently has joint activities with Citigroup and Wachovia and has already engaged in preliminary discussions. Kettani specifically directed his staff to ensure strong representation at the OPIC/MEPI regional investment conference scheduled to take place in Marrakech in September of this year.

18. (U) Attijariwafa's stated goal is to consolidate leadership nationally and extend influence in the Magreb, Europe and West Africa. Competitors in the banking sector describe the BCM-Wafabank merger as a "full-frontal assault on the Moroccan banking sector" with Attijariwafa seeking to, seemingly overnight, command the number one spot for every banking sector product and service available. Based on current data, Attijariwafa is on its way to doing just that, however challenges still exist. Chief among these is Attijariwafa's "top five" rival, the formidable, partially state-owned Bank Populaire.

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